

To whom it may concern,

AIMA Australia Submission (Via email)

Non-competes and other restraints: understanding the impacts on jobs, business and productivity
The Alternative Investment Management Association (AIMA) welcomes the opportunity to provide comments to the Inquiry into Non-competes and other restraints: understanding the impacts on jobs, business and productivity. Reasonable non-compete clauses can have a legitimate role in employment contracts because, among other things, they can protect an employer's investment in its employees whether it be through the employee's training, paying for an employee to obtain an advanced degree or disclosure of sensitive business information or intellectual property ("IP") to the employee. Without non-compete agreements, employers may be motivated to focus these resources on a smaller subset of trusted employees who they perceive as more committed to the enterprise, to the detriment of the firm's broader workforce.

Non-compete agreements are an incredibly important part of the investment management industry. They play a critical part in protecting a firm's confidential IP, which can include trading strategies and the proprietary research that underlies such strategies. It is therefore absolutely essential that this kind of IP (and, of course, other forms of IP) be kept confidential since it would have little value if it were widely known and therefore priced into the markets. Such a result would disincentivize the development of active investing and trading strategies to the detriment of the firm, its personnel and its investors, with follow-on effects of impairing liquidity, price discovery and competition. The majority of firms in the financial services and asset management industries use non-compete agreements in employment contracts. They are often utilized because of the employee's access and contribution to unique aspects of a firm's business, e.g., its IP, trade secrets, etc. Absent non-compete agreements, an employer would be less likely to share their IP with a new employee, which would slow the employee's development and stifle innovation, especially since an employee's talent and expertise are often developed and honed by the employer and expanded upon through time and resources to teach that expertise. Non-compete agreements are widely used in these industries because of the level of IP involved, whether it be investment strategies, methodologies or algorithms, clientele, legal and tax strategies, and/or marketing activity, all of which are the type of information most firms would consider carry high commercial sensitivity. The importance of non-compete agreements to these industries is significant, and their use should be preserved. For further details, don't hesitate to contact me.

Kind regards,

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About AIMA

AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 2,000 corporate members in over 60 countries. AIMA's fund manager members collectively manage more than \$2.5 trillion in assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. In addition, AIMA has over 150 local based corporate members including managers and key service providers. For further information, please visit AIMA's website, www.aima.org. AIMA's affiliate association, The Alternative Credit Council (ACC) deals specifically with non-bank and private credit. As an industry body whose membership is predominantly that of private fund managers, we take a keen

interest in the development and enhancement of the industry as well as the asset management industry more broadly.